

Approved: April 26, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 AM on Friday, March 2, 2012 in 548-S of the Capitol.

All members were present except Senators Schodorf who was excused.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees appearing before the Committee:

Eric King, Director of Facilities, Kansas Board of Regents
Jim Modig, University Architect/Director, Kansas University Office of Design and Construction Management
Mike Gibson, Executive Vice President, Associated General Contractors of Kansas, Inc.
Trudy Aron, Executive Director, AIA Kansas

Others in attendance:

See attached list.

There were no bill introductions.

Possible final action on: SB 436—Creating the Kansas newborn screening fund

Chairperson McGinn recognized Senator Schmidt to review the balloon amendment provided by Daniel Yoza, Office of the Revisor of Statutes (Attachment 1). The balloon amends K.S.A. 2011 Supp. 40-3213 and 65-180; creates the newborn screening fund; includes language relative to the transfer of monies to fund the program pursuant to vouchers approved by the Secretary of Health and Environment or his/her designee; and the \$3 million cap contained in the original language was removed.

Senator Schmidt, with the permission of the second to the March 1, 2012 motion, Senator Kelly, amended the original motion to reflect the language contained in the balloon

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amendment and moved to pass out favorably SB 436 as amended; Senator Umbarger seconded the motion, which carried on a voice vote.

Subcommittee report on Historical Society and State Library:

Senator Vratil reported the Subcommittee concurred with the Governor's 2012 recommendation for the Kansas Historical Society with a notation (Attachment 2):

1. There is serious need for emergency repairs and rehabilitation of the agency's 58 buildings and structures. In addition, the agency will not have sufficient operational funding to keep historic sites open and staffed during FY 2012 or FY 2013 under the Governor's recommendation. The Subcommittee recommends that the full Committee discuss a potential method for addressing both of these concerns at the time the Mega Bill is heard. The Subcommittee noted that the Governor's recommendation currently includes \$11.2 million from the Expanded Lottery Act Revenues Fund (ELARF) for FY 2013 to fund early repayment of the State Fair Capital Improvement Master Plan debt service. The Subcommittee recommends consideration be given to using \$250,000 of this funding (\$125,000 in FY 2012 and \$125,000 for FY 2013) for repairs and rehabilitation of Historical Society buildings and structures. This would still provide \$10.9 million to prepay the majority of the State Fair debt, and the ELARF funding for the Historical Society projects would allow \$125,000 in funding from the State General Fund (SGF), currently recommended for Historical Society capital improvements in each year, to be shifted to the operations budget to maintain operations at the state historic sites. Improvement Master Plan debt service.

Senator Vratil reported that the Subcommittee concurred with the FY 2013 recommendation for the State Historical Society with notations:

1. The notation was the same language as is in point 1 of the Subcommittee notation in FY 2012.
2. The Subcommittee commends the agency for working within its operating budget while enduring an annual resources reduction of 5 percent, which have reduced their operating expenditures over 25 percent since FY 2008. The Subcommittee recommends the Governor carefully consider recommending no further reduced resource reductions to the State Historical Society.
3. The Subcommittee recognizes the impact of the 5 percent budget reduction to the Kansas Humanities Council, which are approximately 10 fewer outreach programs to cultural, non-profit organizations in communities in Kansas.
4. The Subcommittee recommends that the full Committee discuss the 5 percent reduction to the agency and its effect on the operation of the historic sites across Kansas.

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Comments and questions regarding the Subcommittee's report were heard as follows:

- Senator Vratil indicated the Subcommittee did not discuss with State Fair representatives the recommendation to utilize \$250,000 of the ELARF funding designated for debt service reduction.
- Senator Vratil clarified that the \$125,000, from SGF, would be used for operational expenses; the \$250,000 recommendation would be used for emergency repairs.
- A committee member offered that the State Fair bonds allow for partial pre-payment without penalty.

Senator Vratil moved adoption of the FY 2012 and FY 2013 Historical Society Subcommittee report; Senator Teichman seconded the motion, which passed on a voice vote.

Subcommittee Report for the State Library:

The Subcommittee concurred with the Governor's FY 2012 recommendation (Attachment 3).

The Subcommittee concurred with the Governor's FY 2013 recommendation with the following notations:

1. The Subcommittee commends the agency for working within their operating budget despite 5 percent reduced resources in each of the last few years, which has resulted in a 30 percent reduction of their operating budget since FY 2008. The Subcommittee is concerned with this level of reduction and suggests that the Governor consider not making further recommendations for these reductions in future budgets. The Subcommittee believes this has hurt the quantity and quality of services provided by the State Library.
2. The Subcommittee supports the Ready-to-Read, InterLibrary Development Program, and Talking Books Service, and if a funding source should become available, the State Library be considered for the enhancement funding for these programs for FY 2013.
3. The Subcommittee notes the \$800,000, from the SGF, in the Board of Regents budget for the State Library to use for databases and is also aware of the communications between the State Library, Board of Regents, and Governor's office to transfer the money to the State Library. The Subcommittee questions the appropriateness of the funding in the Regents budget and recommends it be included in the State Library budget. The Subcommittee supports future funding of the databases within the State Library.

Comments and questions regarding the Subcommittee's report were heard as follows:

- Senator Vratil indicated that the Subcommittee did not hear in-depth discussion concerning Kan-Ed. Kan-Ed is a program administered by the Kansas Board of Regents, which connects the state's hospitals, libraries, higher education institutions,

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and K-12 public and private schools with broadband to provide interactive distance learning and data exchange. Mary Jane Stankiewicz from the Kansas Board of Regents (in the audience) explained that last year the Regents' funding was reduced by \$4 million, which resulted in a budget appeal to restore \$800,000, SGF funds, to maintain the databases. The Governor placed the funding in the Regents budget. Ms. Stankiewicz elaborated the Board of Regents expressed desire to either place the \$800,000 in the Regents budget or the State Library budget.

- Ms. Stankiewicz clarified the Ready-to-Read, InterLibrary Development Program, and Talking Books Service are content services. In order to respond to the \$4 million budget reduction, the Board of Regents discontinued fifty percent of content services in FY 2012; the remaining will be discontinued for FY 2013. These databases were considered important; therefore, a reinstatement appeal of \$800,000 was submitted to the Governor to fund those services in FY 2013.
- Jo Butler, State Librarian, was recognized and commented that some of the hospital databases were eliminated. A committee member requested clarification concerning collaboration with the Children's Initiative Fund on a grant for Ready-to-Read. Ms. Butler confirmed the State Library is in the process of developing the grant application, which could overlap with the Ready-to-Read services discussed earlier.

Senator Vratil moved adoption of the State Library Subcommittee report; Senator Teichman seconded the motion, which passed on a voice vote.

Subcommittee report on Water Office:

Senator McGinn reported the Subcommittee concurred with the Governor's recommendation with adjustments (Attachment 4):

1. Add \$43,000, from the State Water Plan Fund, for Water Resources Education. This is an existing program funded from the State Water Plan Fund, which was excluded from the Governor's recommendation. The funds are used for Project WET (Water Education for Teachers), water issues education for Basin Advisory Committee members, and outreach to the state's water resource stakeholders.
2. Add \$90,000, all from the State Water Plan Fund, for FY 2013 for the Weather Modification. Program, which is an existing program excluded from the Governor's recommendation.

Senator McGinn explained the Weather Modification Program is used in western Kansas. The program uses cloud seeding technology to reduce crop and property damage due to hail and to optimize usable precipitation during the growing season.

Senator McGinn moved adoption of the Kansas Water Office Subcommittee Report; Senator Teichman seconded the motion, which carried on a voice vote.

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Hearing on:

HB 2429–Removal of expiration date for the state educational institution project delivery construction procurement act

Jill Wolters, Office of the Revisor of Statutes, briefed committee members on this bill (Attachment 5), which removes the expiration date on the State Education Institution Project Delivery Construction Procurement Act, which applies only to university construction projects and services funded totally with non-state money.

Mr. Eric King, Director of Facilities, Kansas Board of Regents, spoke in support **of HB 2429** (Attachment 6). He explained that projects (under the statute) have demonstrated savings, provide fair and open competitive procedures, and possess the unanimous support from stakeholders to remove the sunset date.

Jim Modig, University Architect/Director, KU Office of Design and Construction Management, described the development phase, the implementation phase, and the evaluation phase of projects under the statute. He reported that significant savings (\$100,000 monthly at Kansas University) can be realized from projects utilizing the Project Procurement Act. In addition, if **HB 2429** is enacted, Regents State Educational Institutions can continue to effectively and efficiently leverage the inflationary cost savings on non-state funded projects. (Attachment 7) Mr. Modig clarified that the original intent of the Procurement Act was to develop, implement, evaluate results and return to the Legislature with recommendations to either eliminate or repeal the Act.

Mike Gibson, Executive Vice President of Associated General Contractors of Kansas, Inc., spoke in support of **HB 2429**. He shared his organization’s original concerns with committee members and discussed the addition of a component related to providing feedback to contractors not selected for a construction management project. He encouraged favorable passage of the bill and expressed appreciation to the Board of Regents and other stakeholders involved in the process. (Attachment 8)

Trudy Aron, Executive Director of American Institute of Architects Kansas, spoke in support of **HB 2429**. She indicated the pilot program has been working and has increased the speed of University projects. (Attachment 9)

Written testimony in support of **HB 2429** was received from Scott Heidner, Executive Director of the American Council of Engineering Companies of Kansas. (Attachment 10)

Chairperson McGinn closed the hearing on **HB 2429**.

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Committee members noted that this project has demonstrated significant savings on projects using non-state funds and has worked well according to conferees; a committee member suggested the State consider a similar model for projects using State funds. A comment was heard that the Turnpike Authority is purchasing products from the Department of Corrections at approximately three times the cost; perhaps savings could be realized by applying the principles used in the Procurement Act.

Senator Schmidt moved to pass out **HB 2429** favorably and to place it on the consent calendar; Senator Francisco seconded the motion, which carried on a voice vote.

Consideration of Minutes:

Senator Schmidt moved to approve the Senate Ways and Means Committee minutes from January 10, January 11, January 12, January 13, January 17, January 18, January 19, January 24, January 25, January 26, February 3, February 8, and February 13, 2012. Senator Teichman seconded the motion, which passed on a voice vote.

The meeting adjourned at 11:12 a.m.